

**MASSACHUSETTS**

Public Employee Retirement Administration Commission

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**M E M O R A N D U M**

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Regular compensation and motor vehicle usage of tax-exempt vehicles

DATE: April 18, 2001

In PERAC Memo #3/2001, the Commission outlined the requirements for considering the value of personal use of an employer-supplied motor vehicle as regular compensation. The Commission excluded the value of the personal use of certain vehicles (clearly marked police and fire vehicles, certain unmarked law enforcement vehicles, garbage trucks, tractors and flat bed trucks) which are exempt from taxation under IRS rules from being considered regular compensation. After examining this issue further, the Commission will allow the value of personal use of an exempt vehicle to be regular compensation in the following circumstances:

- A member who supplies written documentation to the board that he or she has commuting use of an exempt employer-supplied vehicle will receive regular compensation of \$1.50 per one-way commute for 249 days a year unless he or she can prove additional use of the vehicle.
- A member who supplies written documentation to the board that he or she is entitled to unlimited personal use of an exempt employer-supplied vehicle will have regular compensation equal to the annual lease value allowed by the IRS. A chart providing the annual lease value of vehicles by fair market value is included. The member is responsible for providing sufficient written proof of the vehicle's fair market value.
- As with the Commission's memorandum on non-exempt vehicles, the regular compensation status of exempt employer-supplied vehicles is prospective from the date of this memorandum only. This policy shall not be applied to those who have already retired.
- Before receiving the value of the personal use of an employer-supplied vehicle as regular compensation, the member must pay retirement deductions on the additional regular compensation.

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TO: All Retirement Boards  
FROM: Joseph E. Connarton, Executive Director  
RE: Regular compensation and motor vehicle usage of tax-exempt vehicles  
DATE:

- Any member who has any personal use of an employer-supplied vehicle must pay retirement deductions on the value of such commuting/personal use. Retirement Boards should seek a list of any members who have personal use of an employer-supplied vehicle from all governmental units of the system.

We trust the foregoing is of assistance. If you have further questions or concerns, please contact this office.